



DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-149]

Gas Powered Pressure Washers from the People's Republic of China: Initiation of Countervailing Duty Investigation

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Applicable January 19, 2023

FOR FURTHER INFORMATION CONTACT: Brontee George, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-4656.

SUPPLEMENTARY INFORMATION:

The Petition

On December 30, 2022, the U.S. Department of Commerce (Commerce) received a countervailing duty (CVD) petition concerning imports of gas powered pressure washers (pressure washers) from the People's Republic of China (China) filed in proper form on behalf of FNA Group, Inc. (the petitioner), a domestic producer of pressure washers.¹ The CVD petition was accompanied by antidumping duty (AD) petitions concerning imports of pressure washers from China, and the Socialist Republic of Vietnam.²

On January 4, 2023, Commerce requested supplemental information pertaining to certain aspects of the Petition.³ On January 10, 2023, the petitioner filed timely responses to these

¹ See Petitioner's Letter, "Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam," dated December 30, 2022 (Petition).

² *Id.*

³ See Commerce's Letters, "Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam: Supplemental Questions," dated January 4, 2023; and "Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Gas Powered Pressure Washers from the People's Republic of China, and the Socialist Republic of Vietnam: Supplemental Questions," dated January 4, 2023 (General Issues Supplemental Questionnaire); see also Memorandum, "Phone Call with Counsel to the Petitioner," dated January 11, 2023 (General Issues Memorandum).

requests for additional information.⁴ On January 11, 2023, Commerce held a teleconference with the petitioner to address the General Issues Supplement and additionally issue a second supplemental questionnaire.⁵ On January 12, 2023, the petitioner filed a timely response to the supplemental questionnaire.⁶

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that the Government of China (GOC) is providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of pressure washers in China and that such imports are materially injuring, or threatening material injury to, the domestic industry producing in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.202(b), for those alleged programs on which we are initiating a CVD investigation, the Petition is supported by information reasonably available to the petitioner.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry because the petitioner is an interested party as defined in section 771(9)(C) of the Act. Commerce also finds that the petitioner demonstrated sufficient industry support with respect to the initiation of the requested CVD investigation.⁷

Period of Investigation

Because the Petition was filed on December 30, 2022, the period of investigation (POI) is January 1, 2021, through December 31, 2021.⁸

⁴ See Petitioner's Letters, "Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam: Supplemental Questionnaire Response – General Issues," dated January 10, 2023 (First General Issues Supplement); and Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam: Supplemental Questionnaire Response – China CVD," dated January 10, 2023.

⁵ See Commerce's Memo, "Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam: Phone Call with Counsel to the Petitioner," dated January 11, 2023.

⁶ See Petitioner's Letters, "Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam: 2nd Supplemental Questionnaire Response – General Issues," dated January 12, 2023 (Second General Issues Supplement).

⁷ See "Determination of Industry Support for the Petition" section, *infra*.

⁸ See 19 CFR 351.204(b)(2).

Scope of the Investigation

The product covered by this investigation is pressure washers from China. For a full description of the scope of this investigation, *see* the appendix to this notice.

Comments on the Scope of the Investigation

On January 4, 2023, Commerce requested information from the petitioner regarding the proposed scope to ensure that the scope language in the Petitions is an accurate reflection of the products for which the domestic industry is seeking relief.⁹ On January 10, 2023, the petitioner revised the scope language.¹⁰ The description of merchandise covered by this investigation, as described in the appendix to this notice, reflects these clarifications.

As discussed in the *Preamble* to Commerce's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (*i.e.*, scope).¹¹ Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments include factual information, all such factual information should be limited to public information.¹² To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit such comments by 5:00 p.m. Eastern Time (ET) on February 8, 2023, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on February 21, 2023, which is ten calendar days from the initial comment deadline.¹³

Commerce requests that any factual information that the parties consider relevant to the scope of the investigation be submitted during this time period. However, if a party

⁹ *See* General Issues Supplemental Questionnaire.

¹⁰ *See* First General Issues Supplement at 1-5 and Exhibit Supp I-3.

¹¹ *See Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

¹² *See* 19 CFR 351.102(b)(21) (defining "factual information").

¹³ The deadline for scope rebuttal comments falls on Saturday, February 18, 2023, and the following Monday is February 20, 2023, which is a Federal holiday. Commerce's practice dictates that where a deadline falls on a weekend or Federal holiday, the appropriate deadline is the next business day (in this instance, Tuesday, February 21, 2023). *See Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005) (*Notice of Clarification*).

subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information. All scope comments must also be filed on the record of the concurrent AD investigations.

Filing Requirements

All submissions to Commerce must be filed electronically via Enforcement and Compliance's Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS), unless an exception applies.¹⁴ An electronically filed document must be received successfully in its entirety by the time and date it is due.

Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified the GOC of the receipt of the Petition and provided it an opportunity for consultations with respect to the Petition.¹⁵ However, the GOC did not request consultations.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) poll the

¹⁴ See *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011); see also *Enforcement and Compliance; Change of Electronic Filing System Name*, 79 FR 69046 (November 20, 2014), for details of Commerce's electronic filing requirements, effective August 5, 2011. Information on using ACCESS can be found at <https://access.trade.gov/help.aspx> and a handbook can be found at https://access.trade.gov/help/Handbook_on_Electronic_Filing_Procedures.pdf.

¹⁵ See Commerce's Letter, "Invitation for Consultations to Discuss the Countervailing Duty Petition," dated January 12, 2023.

industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must apply the same statutory definition regarding the domestic like product,¹⁶ they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.¹⁷

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigation.¹⁸ Based on our analysis of the information submitted on the record, we have determined that pressure washers, as defined in the

¹⁶ See section 771(10) of the Act.

¹⁷ See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff’d* 865 F.2d 240 (Fed. Cir. 1989)).

¹⁸ See Petition at Volume I (pages I-7 through I-12, I-19, and Exhibits I-14 and I-16); see also First General Issues Supplement at 9-16 and Exhibits Supp I-8 through Supp I-11.

scope, constitute a single domestic like product, and we have analyzed industry support in terms of that domestic like product.¹⁹

In determining whether the petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of the Investigation,” in the appendix to this notice. To establish industry support, the petitioner provided its own production in 2021 and compared this to the estimated total 2021 production of the domestic like product for the entire U.S. pressure washers industry.²⁰ The petitioner estimated total production for the industry by multiplying the estimated U.S. shipments for the entire domestic industry by the ratio of the petitioner’s production to U.S. shipments.²¹ We relied on data provided by the petitioner for purposes of measuring industry support.²²

Our review of the data provided in the Petition, the First General Issues Supplement, the Second General Issues Supplement, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petition.²³ First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (*e.g.*, polling).²⁴ Second, the domestic producers (or workers) have met the statutory criteria for industry support under section

¹⁹ For a discussion of the domestic like product analysis as applied to this case and information regarding industry support, *see* Countervailing Duty Investigation Initiation Checklist: Gas Powered Pressure Washers from the People’s Republic of China (China CVD Initiation Checklist) at Attachment II, Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Gas Powered Pressure Washers from the People’s Republic of China and the Socialist Republic of Vietnam (Attachment II). This checklist is dated concurrently with this notice and on file electronically via ACCESS.

²⁰ *See* Petition at Volume I (pages I-3 through I-4 and Exhibit I-2); *see also* First General Issues Supplement at 5-9 and Exhibits Supp I-4 through Supp I-7; and Second General Issues Supplement at 1 and 2 and Exhibit S2 I-1.

²¹ *See* Petition at Volume I (pages I-3 through I-4 and Exhibit I-2); *see also* First General Issues Supplement at 5-9 and Exhibits Supp I-4 through Supp I-7; and Second General Issues Supplement at 1 and 2 and Exhibit S2 I-1.

²² *See* Petition at Volume I (pages I-3 through I-4 and Exhibits I-1 and I-2); *see also* First General Issues Supplement at 5-9 and Exhibit Supp I-5; and Second General Issues Supplement at 2 and Exhibit S2 I-2. For further discussion, *see* Attachment II of the China CVD Initiation Checklist.

²³ *See* Petition at Volume I (pages I-3 through I-4 and Exhibits I-1 through I-2); *see also* General Issues Supplement at 5-9 and Exhibits Supp I-4 through Supp I-7; and Second General Issues Supplement at 2 and Exhibit S2 I-2. For further discussion, *see* Attachment II of the China CVD Initiation Checklist.

²⁴ *See* Attachment II of China CVD Initiation Checklist; *see also* section 702(c)(4)(D) of the Act.

702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.²⁵ Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition.²⁶ Accordingly, Commerce determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.²⁷

Injury Test

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.²⁸

The petitioner contends that the industry’s injured condition is illustrated by a significant volume of subject imports; declining market share; underselling and price depression and/or suppression; decline in the domestic industry’s production, capacity utilization, U.S. shipments, and employment variables; declining operating income; and lost sales and revenues.²⁹ We

²⁵ See Attachment II of the China CVD Initiation Checklist.

²⁶ *Id.*

²⁷ *Id.*

²⁸ See Petition at Volume I (pages I-19 through I-20 and Exhibit I-8).

²⁹ See Petition at Volume I (pages I-14, I-16 through I-37 and Exhibits I-6 through I-8, I-10 through I-13, and I-15); see also First General Issues Supplement at 16 through 19 and Exhibit Supp I-12.

assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.³⁰

Initiation of CVD Investigation

Based upon the examination of the Petition and supplemental responses, we find that they meet the requirements of section 702 of the Act. Therefore, we are initiating a CVD investigation to determine whether imports of pressure washers from China benefit from countervailable subsidies conferred by the GOC. Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on 15 of the 17 alleged programs. For a full discussion of the basis for our decision to initiate on each program, *see* the China CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

Respondent Selection

The petitioner named 27 companies in China as producers and/or exporters of pressure washers.³¹ Commerce normally selects respondents in a CVD investigation using U.S. Customs and Border Protection (CBP) entry data. However, for this investigation, the Harmonized Tariff Schedule of the United States (HTSUS) numbers for the subject merchandise would enter under are basket categories containing many products unrelated to pressure washers, and the HTSUS numbers allow for the reporting of differing units of quantity. Therefore, we cannot rely on CBP entry data in selecting respondents. Instead, for this investigation, Commerce will request quantity and value (Q&V) information from known exporters and producers identified, with

³⁰ *See* China CVD Initiation Checklist at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Gas Powered Pressure Washers from the People's Republic of China and the Socialist Republic of Vietnam (Attachment III).

³¹ *See* Petition at Volume I (Exhibit I-9).

complete contact information, in the Petition. In addition, Commerce will post the Q&V questionnaire along with filing instructions on the Enforcement & Compliance Web site at <http://www.trade.gov/enforcement/news.asp>.

Producers/exporters of pressure washers from China who do not receive Q&V questionnaires by mail may still submit a response to the Q&V questionnaire and can obtain a copy from the Enforcement & Compliance website. All Q&V responses must be filed electronically via ACCESS. In the event that Commerce determines that the number of companies is large and it cannot individually examine each company based upon Commerce's resources, where appropriate, Commerce intends to select mandatory respondents based on the responses to the Q&V questionnaire that it receives.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the GOC via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the CVD Petition to each exporter named in the CVD Petition, as provided under 19 CFR 351.203(c)(2).

ITC Notification

Commerce will notify the ITC of its initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of pressure washers from China are materially injuring, or threatening material injury to, a U.S. industry.³² A negative ITC determination will result in the investigation being terminated.³³ Otherwise, this CVD investigation will proceed according to statutory and regulatory time limits.

³² See section 703(a)(1) of the Act.

³³ *Id.*

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)-(iv). Section 351.301(b) of Commerce's regulations requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted³⁴ and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.³⁵ Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in this investigation.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by Commerce. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301, or as otherwise specified by Commerce.³⁶ For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, Commerce will inform parties in a letter or memorandum of the deadline (including a specified time) by which

³⁴ See 19 CFR 351.301(b).

³⁵ See 19 CFR 351.301(b)(2).

³⁶ See 19 CFR 351.302.

extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely filed requests for the extension of time limits. Parties should review Commerce's regulations concerning the extension of time limits and the *Time Limits Final Rule* prior to submitting factual information in this investigation.³⁷

Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.³⁸ Parties must use the certification formats provided in 19 CFR 351.303(g).³⁹ Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Parties wishing to participate in this investigation should ensure that they meet the requirements of 19 CFR 351.103(d) (e.g., by filing the required letters of appearance). Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.⁴⁰

This notice is issued and published pursuant to sections 702 and 777(i) of the Act, and 19 CFR 351.203(c).

Dated: January 19, 2023.

Lisa W. Wang,
Assistant Secretary for Enforcement and Compliance.

³⁷ See 19 CFR 351.301; see also *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013) (*Time Limits Final Rule*), available at <https://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm>.

³⁸ See section 782(b) of the Act.

³⁹ See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings*, 78 FR 42678 (July 17, 2013) (*Final Rule*); see also frequently asked questions regarding the *Final Rule*, available at https://enforcement.trade.gov/tlei/notices/factual_info_final_rule_FAQ_07172013.pdf.

⁴⁰ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

Appendix

Scope of the Investigation

The merchandise covered by this investigation is gas powered pressure washers (also commonly known as pressure washers), which are machines that clean surfaces using water pressure that are powered by an internal combustion engine, air-cooled with a power take-off shaft, in combination with a positive displacement pump. This combination of components (*i.e.*, the internal combustion engine, the power take-off shaft, and the positive displacement pump) is defined as the “power unit.” The scope of the investigation covers cold water gas powered pressure washers, whether finished or unfinished, whether assembled or unassembled, and whether or not containing any additional parts or accessories to assist in the function of the “power unit,” including, but not limited to, spray guns, hoses, lances, and nozzles. The scope of the investigation covers cold water gas powered pressure washers, whether or not assembled or packaged with a frame, cart, or trolley, with or without wheels attached.

For purposes of this investigation, an unfinished and/or unassembled cold water gas powered pressure washer consists of, at a minimum, the power unit or components of the power unit, packaged or imported together. Importation of the power unit whether or not accompanied by, or attached to, additional components including, but not limited to a frame, spray guns, hoses, lances, and nozzles constitutes an unfinished cold water gas powered pressure washer for purposes of this scope. The inclusion in a third country of any components other than the power unit does not remove the cold water gas powered pressure washer from the scope. A gas powered pressure washer is within the scope of this investigation regardless of the origin of its engine. Subject merchandise also includes finished and unfinished gas powered pressure washers that are further processed in a third country or in the United States, including, but not limited to, assembly or any other processing that would not otherwise remove the merchandise from the scope of this investigation if performed in the country of manufacture of the in-scope cold water gas powered pressure washers.

The scope excludes hot water gas powered pressure washers, which are pressure washers that include a heating element used to heat the water sprayed from the machine.

Also specifically excluded from the scope of this investigation is merchandise covered by the scope of the antidumping and countervailing duty orders on certain vertical shaft engines between 99cc and Up to 225cc, and parts thereof from the People’s Republic of China. *See Certain Vertical Shaft Engines Between 99 cc and Up to 225cc, and Parts Thereof from the People’s Republic of China: Antidumping and Countervailing Duty Orders*, 86 FR 023675 (May 4, 2021).

The cold water gas powered pressure washers subject to this investigation are classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings 8424.30.9000 and 8424.90.9040. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

[FR Doc. 2023-01478 Filed: 1/24/2023 8:45 am; Publication Date: 1/25/2023]